

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 FEA-02 INT-08 SCI-06 PA-04 PRS-01 USIA-15

DRC-01 /187 W

----- 100573

R 270910Z MAR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9067

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

UNCLAS LONDON 03833

DEPARTMENT ALSO PASS FRB AND TREASURY

E.O. 11652: N/A

TAGS: EFIN, UK

SUBJECT: U.K. TRADE IN FEBRUARY 1974

BEGIN SUMMARY: IN FEBRUARY, THE U.K. ONCE AGAIN RECORDED
A RECORD VISIBLE TRADE DEFICIT OF 429 MILLION POUNDS
(S.A.) WITH EXPORTS OF 1150 MILLION POUNDS (F.O.B., S.A.).
THE BALANCE ON SERVICES AND OTHER CURRENT TRANSACTIONS
IS ESTIMATED TO HAVE BEEN IN SURPLUS BY 82 MILLION POUNDS.
THE CURRENT ACCOUNT IS THUS ESTIMATED TO HAVE BEEN IN
DEFICIT BY 347 MILLION POUNDS. END SUMMARY.

1. IN FEBRUARY, THE U.K. HAD A VISIBLE TRADE DEFICIT OF
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429 MILLION POUNDS (S.A., F.O.B., B/P BASIS)
COMPARED TO A VISIBLE TRADE DEFICIT OF 383 MILLION POUNDS

(REVISED) IN JANUARY AND 335 MILLION POUNDS (REVISED) IN DECEMBER. THE COST OF OIL CONTRIBUTED SIGNIFICANTLY TO THE DEFICIT WHICH WAS ALSO AFFECTED BY THE THREE-DAY WEEK. (SEE PARA 3 BELOW.) IMPORTS WERE AT A VERY HIGH LEVEL REFLECTING SHORTAGES IN DOMESTIC SUPPLIES. IT SHOULD BE NOTED HOWEVER THE VALUE OF EXPORTS WAS EXCEPTIONALLY HIGH.

2. THE VALUE OF U.K. EXPORTS IN FEBRUARY WAS A RECORD 1150 MILLION POUNDS (S.A., F.O.O.B., B/P BASIS) COMPARED TO 1015 MILLION POUNDS (REVISED) IN JANUARY AND 1019 MILLION POUNDS (REVISED) IN DECEMBER. FOR THE THREE MONTHS DECEMBER TO FEBRUARY EXPORTS AVERAGED 1062 MILLION A MONTH, 5 PERCENT HIGHER THAN IN THE PREVIOUS THREE MONTHS. COMPARING THE TWO PERIODS, EXPORTS TO WESTERN EUROPE INCREASED BY ONE PERCENT (WITH DELIVERIES TO THE EC FOUR PERCENT HIGHER); TO NORTH AMERICA BY 3 PERCENT; TO THE STERLING AREA OUTSIDE EUROPE BY 5 PERCENT; AND THE REST OF THE WORLD BY 6 PERCENT.

3. THE VALUE OF U.K. IMPORTS IN FEBRUARY WAS A RECORD 1579 MILLION POUNDS (S.A., FOB, B/P BASIS) COMPARED TO 1398 MILLION POUNDS (REVISED) IN JANUARY AND 1354 MILLION POUNDS (REVISED) IN DECEMBER. MUCH OF THE RISE IN THE IMPORT FIGURE WAS DUE TO A RISE IN THE VALUE OF FUELS IMPORTED WHICH ROSE BY 84 MILLION POUNDS (C.I.F.) IN FEBRUARY TO 347 MILLION POUNDS, REFLECTING THE RISE IN THE PRICE OF CRUDE OIL. IN FEBRUARY THE LANDED PRICE OF CRUDE OIL WAS 29 POUNDS PER TON (CIF) COMPARED WITH 21 POUNDS PER TON IN JANUARY AND 10 POUNDS PER TON IN THE FIRST HALF OF 1973. IN THE THREE MONTHS ENDING FEBRUARY, IMPORTS AVERAGED 1444 MILLION POUNDS A MONTH, 10 PERCENT HIGHER THAN IN THE PREVIOUS THREE MONTHS. IMPORTS OF FUELS ROSE BY 57 PERCENT AND OTHER IMPORTS IN TOTAL BY 3 PERCENT BETWEEN THE TWO PERIODS. IMPORTS FROM WESTERN EUROPE ROSE BY 3 PERCENT; FROM THE EC BY 8 PERCENT; FROM NORTH AMERICA BY 11 PERCENT; AND FROM THE STERLING AREA OUTSIDE EUROPE BY 4 PERCENT WHEN THE TWO 3-MONTH PERIODS ARE COMPARED.

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IMPORTS FROM THE REST OF THE WORLD INCREASED BY 31 PERCENT IN PART DUE TO THE HIGHER IMPORTS OF FUELS.

4. THE SURPLUS ON INVISIBLES RAN AN ESTIMATED 82 MILLION POUNDS IN FEBRUARY. THE ESTIMATED CURRENT ACCOUNT DEFICIT FOR FEBRUARY IS THUS PUT AT 374 MILLION POUNDS.

5. THE TOTALS FOR THE FIRST TWO MONTHS OF 1974 ON VISIBLE TRADE ACCOUNT COMPARED TO 1973 ARE AS FOLLOWS:

EXPORTS	IMPORTS	BALANCE
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1973	1,766	1,923	-157
1974	2,165	2,977	-812

NOTE: FIGURES HAVE BEEN REVISED, ALL FIGURES ARE F.O.B.,
S.A., B/P BASIS IN MILLIONS OF POUNDS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE BALANCE, IMPORTS, EXPORTS, ECONOMIC REPORTS, TRADE DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 27 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON03833
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740066-0405
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740312/aaaaakls.tel
Line Count: 121
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 12 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 JUL 2002 by elbezefj>; APPROVED <17 JUL 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.K. TRADE IN FEBRUARY 1974 BEGIN SUMMARY: IN FEBRUARY, THE U.K. ONCE AGAIN RECORDED
TAGS: EFIN, UK
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005